



CHESTERFIELD COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

Department: Human Resource Management
Subject: Retiree Benefits

Policy Number: 6-10
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I. INTRODUCTION

This administrative procedure establishes policies and procedures governing health care, dental care and deferred compensation for retirees of Chesterfield County and their dependents. The county reserves the right to modify or eliminate retiree benefits at any time.

II. DEFINITIONS

- A. **Break in Service** – A break in service occurs when an employee is no longer employed full time by the county.
- B. **Continuation Coverage** – A temporary extension of insurance coverage at group rates in certain instances when coverage under the plan would otherwise end. See Section VI.
- C. **Disability** – VRS approved disability retirement.
- D. **Plan Year** – The period January 1 through December 31 unless otherwise stated.
- E. **Premium** – The total cost of health/dental coverage, consisting of the county contribution and the retiree contribution.
- F. **Qualifying Family Status Change** – A qualifying family status change is defined as one of the following events by the Internal Revenue Service:
 - 1. Marriage or divorce
 - 2. Death of spouse or child
 - 3. Birth or adoption of child
 - 4. Last eligible child no longer qualifies as dependent
 - 5. Loss or gain of spouse's employment
 - 6. Change in employment status for retiree or spouse
- G. **Retiree** – A full-time employee who retires directly from the county and immediately begins to collect a retirement benefit from VRS. This includes disability retirees whose retirement applications are approved retroactive to their separation date.
- H. **Retirement Types** – Types of retirement include service (early or normal) and disability (work-related or non-work-related).
- I. **VRS** – Virginia Retirement System.

III. COVERAGE

- A. **Eligibility** – Employees hired on or after July 1, 2006 who retire at age 55 or more, with 15 or more years of full-time county service, will be permitted to purchase retiree health benefits for themselves and their dependents at the county's group rate, however, they will not receive a county contribution toward the cost. Employees hired on or after July 1, 2006 who retire with less than 15 years of service or before age 55 receive no retiree healthcare benefits, unless it is a disability retirement. Retirees of all retirement types who were hired prior to July 1, 2006 and who have at least five years full-time service with the county and have not been designated as ineligible for rehire due to serious misconduct may participate in county sponsored health and dental plans. HRM and the County Attorney's office will make a determination on what constitutes serious misconduct. The retiree will receive written notice from the department of

HRM if determined ineligible for county sponsored health and dental plans. Retirees permanently residing outside plan service areas may not be covered by county sponsored health plans and therefore may be responsible for acquiring their own health plan coverage, if coverage is desired.

- B. **New Retirees** – Upon proper notification of an employee’s intent to retire from the county, HRM will provide all applicable enrollment forms and will coordinate the processing of those forms with appropriate vendors and the payroll section of the Accounting Department.
- C. **Reimbursement** –The county will reimburse retirees who acquire health insurance elsewhere for the cost of their health insurance up to the amount of premium the county would have contributed on behalf of that retiree if the retiree were enrolled in “Retiree Only” coverage with the county. Reimbursement can be arranged on a monthly or quarterly basis. If reimbursement is for Medicare Part D, the reimbursement amount will be established each fall for the following calendar year and processed on a quarterly basis only. Proper receipts will be required by the payroll section of the Accounting Department before reimbursement is made. Reimbursement is not available if the retiree’s health insurance coverage has been terminated pursuant to Section III.D of this policy. Reimbursement is also not available for dental insurance or for dependent health or dental coverage.
- D. **Termination of Health and Dental Coverage** – Retirees and dependents whose coverage terminates, for whatever reason, are not eligible to re-enroll in any of the county sponsored plans, unless otherwise specified. Termination of coverage occurs at the earliest of the following events:
 - 1. Failure of the retiree to pay required premium contributions
 - 2. Written notification from the retiree that coverage is no longer desired
 - 3. The retiree permanently moves outside the plans’ service areas
 - 4. The retiree dies
 - 5. The plan is terminated by the county (In this case, the retiree may re-enroll in another county sponsored plan).
 - 6. The retiree’s coverage is terminated for cause as defined by the plan vendor
 - 7. Failure of the retiree to provide appropriate paperwork in a timely manner during open enrollment
 - 8. Any serious misconduct toward the county subsequent to the effective date of retirement
- E. **Opting-Out** – Retirees who opt out of health coverage at either their initial retirement date or during an open enrollment period are ineligible to re-enroll in county sponsored health coverage. A retiree who opts-out of health coverage can continue dental coverage. However, once a retiree opts-out of health coverage and then opts-out of dental coverage, their coverage terminates. They then become ineligible to re-enroll in any county health or dental coverage in the future.

IV. PAYMENT OF PREMIUMS

- A. **Amount** – County contributions toward retiree health and dental premiums are based on hire date and length of full-time service. The county contribution for under age 65 retirees hired *prior* to July 1, 1992 with no subsequent break in full-time service and those retirees with 20 or more years of full-time service is based on the County contribution received by similarly enrolled active employees. The county contribution for Medicare eligible retirees hired *prior* to July 1, 1992, with no subsequent break in full-time service and those retirees with 20 or more years of full-time service will be at least the same percentage of the total rate as received by active employees. The county reserves the right to adjust its contributions consistent with

the county's benefits strategy. Retirees hired on or *after* July 1, 1992, receive a five percent reduction in the county contribution for each year of service less than 20 years as follows:

<u>Years of Service</u>	<u>Percentage of County Contribution to Employee*</u>
20 +	Receives same as employee
19	95%
18	90%
17	85%
16	80%
15	75%
14	70%
13	65%
12	60%
11	55%
10	50%
9	45%
8	40%
7	35%
6	30%
5	25%
Less than 5	Not eligible for coverage

*For example, if the county contributes \$100 per month toward the cost of employee only coverage, a retiree with 10 years of service would receive a county contribution of 50% of that (.5 x \$100 = \$50/month).

- B. **Process** – At retirement, retirees are responsible for completing an Authorization to Deduct Health/Dental Insurance Premiums form that allows premiums to be automatically deducted from their VRS retirement benefit payment. The payroll section of the Accounting Department will inform those retirees if their VRS benefit payment is insufficient to cover the required premium(s). Those retirees will be responsible for sending proper payment to the Treasurer of Chesterfield County (including their accounts receivable invoice) by the first of each month. If the retiree fails to send proper payment within 30 days of the due date, the retiree will receive a certified letter from Payroll notifying them that payment is past due. Failure to pay within 60 days of the due date will result in termination of coverage. Inquiries about payment issues are the responsibility of Payroll. Retirees are responsible for keeping Payroll and HRM informed of a change in address or any other data changes that may affect their coverage(s).

V. **CHANGES IN COVERAGE**

Changes in coverage are limited to the following events:

- A. **Open Enrollment** – Each year, retirees participating in a county sponsored plan will be given the opportunity to change plans or coverage during an open enrollment period.
- B. **Qualifying Family Status Changes** – Changes in coverage may also be made at any time, provided a qualifying family status change as defined in Section II.F has occurred. Retirees are responsible for notifying HRM of such changes within 30 days of the date of the family status change and providing appropriate documentation.
- C. **Medicare Eligible** – Retirees (and spouses of retirees who have county coverage) must notify HRM at least 90 days prior to their date of eligibility for Medicare.

VI. CONTINUATION OF BENEFITS FOR DEPENDENTS (COBRA)

- A. **Qualifying Events** – Dependents who lose insurance coverage from the county for one of the following reasons have the right to continue coverage at their own expense for 36 months.
 - 1. Divorce
 - 2. Dependent ceases to be a “dependent child” under the provisions of the plan
- B. **Process** – The retiree or dependent has the responsibility to inform HRM that a qualifying event has occurred within 30 days of the date of the qualifying event. Once HRM is notified, information on the cost, terms of acceptance and length of coverage will be sent to all affected parties.

VII. DEFERRED COMPENSATION

Upon retirement, the retiree may access funds in his 457 deferred compensation account. If at any time the retiree is re-hired, in a full-time or part-time capacity, he is not permitted to take a distribution from the 457 plan until such time he leaves service as an employee.